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TO RUEHC/SECSTATE WASHDC PRIORITY 7979
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RUCPDOG/USDOC WASHDC
RUEKJCS/SECDEF WASHINGTON DC
RHMCSUU/FBI WASHINGTON DC
RUEPINS/HQ BICE INTEL WASHINGTON DC

UNCLAS AIT TAIPEI 000118

SIPDIS

STATE FOR EAP/TC, PM/DTCC AND ISN/MTR
STATE PASS TO AIT/W

PM/DTCC FOR BLUE LANTERN COORDINATOR RACHAEL-THERESE JOUBERT-LIN

SIPDIS
FROM AIT KAOHSIUNG BRANCH OFFICE

E.O. 12958: N/A
TAGS: [ETTC](#) [KOMC](#) [TW](#)
SUBJECT: TAIWAN: RESULTS OF BLUE LANTERN PRE-LICENSE END-USE CHECK
05-050080535

REF: A. STATE 001652 B. Taipei 01137

¶1. (SBU) Per reftel A request, AIT Kaohsiung visited Yeou Zheng Co. and a residential space used as a warehouse in downtown Kaohsiung, and interviewed the company's owner, Ms. Chen Mei-liu and other staff. AIT/K also conducted two telephone interviews with Lieutenant Commander Liang Dao-hung, who is responsible procurement of commodities for the Ma Kung Naval Base's Taiwan Logistics Supporting Command (TLSC).

¶2. (SBU) Yeou Zheng owner, Chen Mei-liu, told AIT/K that her family owns three separate companies that supply goods to the Ma Kung Naval Base. The three companies are: Yeou Kang which focuses on computer wiring installation for the Ma Kung Navy; Yeou Zheng Industry, which supplies the navy's general hardware industry; and Yeou Zheng Co., which supplies the navy with consumer goods. According to Chen, her family has been doing business with the Ma Kung Naval Base for more than 30 years, starting with her father-in-law. Chen and her staff (Hung Yang-chun and Jill Hung) all claim familiarity with U.S. restrictions on the procurement of US Munitions List commodities.

¶3. (SBU) Chen admitted to us that Yeou Zheng has not yet received an order for the antenna indicated on reftel A, nor has the navy put out a tender for bids on the item; however, she said that she and her staff are very familiar with the naval base's supply needs and she expects the base to request those antennas within a few months, if not weeks. To recap, the order for 11 (eleven) pieces of AS-1729/VRC Antennas are not for any current contract; rather, Yeou Zheng anticipates the base will need the antennas for future repairs that are due in 2008. Chen went on to say that when it places orders, the Navy expects to take delivery of the goods within 60 days. However, Yeou Zheng's U.S. suppliers need 180 to 300 days before they can deliver goods to Yeou Zheng in Taiwan. In order to meet the Taiwan navy's 60 day delivery requirement, Yeou Zheng orders goods in advance of even receiving a request for bids.

¶4. (SBU) Chen said Yeou Zheng supplied a total of 23 (twenty-three) AS-1729/VRC Antennas (in three separate orders/contracts) to the Ma Kung Naval Base in 2007. Yeou Zheng faxed copies of the three contracts to AIT/K which showed the contracts were granted in 2007 on June 14, August 21, and October 23 respectively. Lieutenant Commander Liang confirmed that the Ma Kung Naval Base procured the 23 AS-1729 VCR antennas (with NSN number 5985-00-985-9024) from Yeou Zheng to use during the second half of 2007. The Navy supplied the antennas to two naval vessels and gave the remainder to three other Navy offices. Liang confirmed that the Navy typically allows winning bidders up to 50 days to deliver ordered goods. Liang told

AIT/K that Yeou Zheng is a key supplier for the Ma Kung Naval Base. Liang stressed that he believes Yeou Zheng to be a reliable company. Liang said the Navy has not yet determined its 2008 procurement plan, so he cannot confirm which items they will require in coming weeks and months. He also could not confirm that Yeou Zheng would, in the end, submit the winning bid.

15. (SBU) Yeou Zheng's office is reasonably secure, with closed-circuit television cameras monitoring the outer perimeters, the first-floor entrance from the interior, and the first-floor staircase leading to the upper floors; rolling metal gates secure the street-level front entrance and the doors that open to the balcony areas. A roof-top door stainless steel door is secured with a padlock. The office is on the bottom floor of the building. The remaining four floors are used as residential space, save for a fourth floor room that serves as the company's warehouse. Again, the building appears to be sufficiently secure.

Thiele

Young